

**QUAD COMMUNITIES  
DEVELOPMENT CORPORATION**

**SPECIAL SERVICE AREA #47**

**FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012  
(With Independent Auditors' Report on  
Compliance with City Requirements)**

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

TABLE OF CONTENTS

FOR THE YEARS ENDING DECEMBER 31, 2013 AND 2012

	<u>Pages</u>
Independent Auditors' Report on Compliance with City Requirements for the Special Service Area #47	1-2
<b>Financial Statements:</b>	
Balance Sheets	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-9
<b>Supplemental Information:</b>	
Statement of Revenue and Expenditures- Budget and Actual	10-13
Summary Schedules of Findings	14-15

## **Independent Auditors' Report on Compliance with City Requirements for the Special Service Area #47**

The Commissioners of Special Service Area #47 of  
Quad Communities Development Corporation

We have audited the accompanying financial statements of Special Service Area #47 of Quad Communities Development Corporation ("QCDC"), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

The Special Service Area # 47 of QCDC's management is responsible for the presentation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The accompany financial statements were presented to present the operation of Special Service Area #47 of QCDC as described in Note 1, and are not intended to present the financial position and change in net assets of Quad Communities Development Corporation.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #47 of Quad Communities Development Corporation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of revenues and expenditure -budget and actual is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in the relation to the financial statements as a whole. The accompanying summary schedules of findings have not been audited by us and, accordingly, we express no opinion on them.

*Alexander Masonic & Company, P.C.*

Matteson, Illinois  
April 14, 2014

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

BALANCE SHEETS

AS OF DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
Cash	\$ 103,142	\$ 110,405
Tax levy receivable	<u>21,128</u>	<u>15,239</u>
Total Assets	<u>\$ 124,270</u>	<u>\$ 125,644</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable	\$ 16,780	\$ 22,681
Due to affiliate - QCDC	<u>20,691</u>	<u>27,207</u>
Total Liabilities	37,471	49,888
<b><u>NET ASSETS</u></b>		
Unrestricted	<u>86,799</u>	<u>75,756</u>
Total Liabilities and Net Assets	<u>\$ 124,270</u>	<u>\$ 125,644</u>

The accompany notes are an integral part of these financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
<b>REVENUE:</b>		
Tax levy revenue	\$ 300,000	\$ 219,637
Late collections	10,968	-
Other income	-	125
Interest income	5	8
Total Revenue	310,973	219,770
<b>EXPENDITURES:</b>		
Advertising & Promotion		
Website and social media	2,129	3,069
Public and/or media relations	6,148	2,360
Special events	13,511	23,258
Display advertising	7,543	7,742
Print materials	1,762	5,322
Other: shoppers rebate, value added program	2,000	8,050
Total Advertising & Promotion	33,093	49,801
Public Way Maintenance		
Sidewalk cleaning	92,746	95,623
Total Public Way Maintenance	92,746	95,623
Public Way Aesthetics		
Streetscape elements (trash receptacles planters, benches, etc.)	16,727	56,767
Decorative banner and /or holiday decorations	19,412	18,259
Landscaping (plants, watering, etc.)	18,797	18,946
Other: CDOT pilot project PeoplePlace	-	46,534
Liability/property insurance	1,500	-
Total Public Way Aesthetics	56,436	140,506
Tenant Retention/Attraction		
Data collection	500	-
Site marketing (materials, services, etc.)	8,105	-
	8,605	-
SSA District Planning		
Other: SSA consultant	-	7,375
Total SSA District Planning	-	7,375

The accompany notes are an integral part of these financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

(Continued)

YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Personnel		
Personnel cost	56,296	78,137
Total Personnel	<u>56,296</u>	<u>78,137</u>
Admin. Non-Personnel		
SSA annual report	502	-
Audit	4,510	4,775
Bookkeeping	2,905	2,903
Office rent	8,788	17,576
Office utilities	4,664	4,651
Office supplies	4,368	4,386
Office equipment lease/maintenance	2,145	2,170
Office printing	975	158
Postage	-	950
Meeting Expense	116	652
Subscriptions/dues	1,099	171
Bank charge	30	30
Miscellaneous	58	-
Insurance	1,000	-
Other marketing intern	4,024	51
Professional development	<u>1,602</u>	<u>2,196</u>
Total Operation & Administration Support	36,786	40,669
Loss collection	<u>15,968</u>	<u>3,994</u>
Total Expenditure	<u>299,930</u>	<u>416,105</u>
Change in net assets	11,043	(196,335)
NET ASSETS AT BEGINNING OF YEAR	<u>75,756</u>	<u>272,091</u>
NET ASSETS AT END OF YEAR	<u>\$ 86,799</u>	<u>\$ 75,756</u>

The accompany notes are an integral part of these financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 11,043	\$ (196,335)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Changes in assets and liabilities:		
(Increase) decrease in tax levy receivable	(5,889)	5,767
Decrease in prepaid expense	-	48,300
(Decrease) increase in accounts payable	(5,901)	10,840
(Decrease) increase in due to affiliate - QCDC	<u>(6,516)</u>	<u>24,641</u>
Net cash used by operating activities	<u>(7,263)</u>	<u>(106,787)</u>
Net decrease in cash	(7,263)	(106,787)
CASH AT BEGINNING OF YEAR	<u>110,405</u>	<u>217,192</u>
CASH AT END OF YEAR	<u>\$ 103,142</u>	<u>\$ 110,405</u>

The accompanying notes are an integral part of these financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

**1. Nature of Business:**

The Quad Communities Development Corporation (“QCDC”) was created in 2003 to provide community services, in addition to those provided by the City of Chicago to the Quad Communities Development Corporation which is the industrial area bounded by Cottage Grove Avenue from 40<sup>th</sup> Street on the north to 51<sup>st</sup> Street on the south and along 47<sup>th</sup> Street from Lake Park Avenue on the east to St. Lawrence Avenue on the west. On September 8, 2008, the City Council of the City of Chicago enacted an ordinance, which established an area known and designated as City of Chicago Special Service Area Number 47 and authorized the levy of an annual tax not to exceed an annual rate of three percent (3%) of the equalized assessed value of the taxable property therein to provide certain special services in and for the area in addition to the services provided by and to the City of Chicago generally. The area designated as Special Service Area #47 included the identical boundaries defined by the Quad Communities Development Corporation when it was created in 2003.

The special services authorized in the Ordinance included but not limited to maintenance and beautification activities; new construction; coordinated marketing and promotional activities; parking and transit programs; area strategic planning; business retention/recruitment initiatives; building façade improvements; security services; social services; and other technical assistance activities to promote community and economic development which was commensurate with the services provided by Quad Communities Development Corporation. The Commissioner of the City of Chicago’s Department of Housing and Economic Development was authorized to enter into an agreement to appoint Quad Communities Development Corporation as the Service Provider for the Special Service Area #47. All activities of the Special Service Area #47 are carried out by the Quad Communities Development Corporation.

The Agreement with the City of Chicago requires an annual independent audit of Special Service Area #47’s operations. Accordingly, the accompanying financial statements were prepared to present the operations of Quad Communities Development Corporation’s Special Service Area and are not intended to present the financial position and change in net assets of Quad Communities Development Corporation.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

NOTES TO FINANCIAL STATEMENTS  
(Continued)

YEARS ENDED DECEMBER 31, 2013 AND 2012

**2. Significant Accounting Policies (Continued):**

(a) **Basic Financial Statements**

Generally accepted reporting standards for nonprofit organizations state that the basic financial statements include a statement of financial position, a statement of activities, and a statement of cash flows.

In order to accommodate the standard requirements and the requirements of the Department of Housing and Economic Development, the statements included with the Independent Auditor's Report are a statement of financial position re-titled to Balance Sheet, a Statement of Activity and Changes in Net Assets, and a Statement of Cash Flows. A Statement of Revenue and Expenditures- Budget and Actual is also included in the report on supplementary information.

(b) **Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

(c) **Revenue**

Special Service Area #47 of QCDC provided for the authorization of a levy of an annual tax not to exceed an annual rate of three percent (3%) of the equalized assessed value of the taxable property therein to cover the cost of special services provided for in the ordinance.

(d) **Income Tax Status**

QCDC is a nonprofit Illinois corporation and exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, the operations of Special Service Area #47 are exempt from income taxes.

(e) **Reclassification**

Certain prior year balances have been reclassified to conform to the current year presentation.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

NOTES TO FINANCIAL STATEMENTS  
(Continued)

YEARS ENDED DECEMBER 31, 2013 AND 2012

**3. Tax Levy Receivable:**

Tax levy receivable consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
2012 Tax Levy	\$ 13,763	\$ -
2011 Tax Levy	7,365	9,549
2010 Tax Levy	-	(962)
2009 Tax Levy	<u>-</u>	<u>6,652</u>
 Total Tax Levy Receivable	 <u>\$ 21,128</u>	 <u>\$ 15,239</u>

Tax levy receivable are deem collectible within the next calendar year.

**4. Related Party Transactions:**

The Due to Affiliate- QCDC represents administrative services incurred by QCDC on behalf of Special Service Area #47. As of December 31, 2013 and 2012, the amount due to QCDC was \$20,691 and \$27,207, respectively.

**5. Subsequent Events:**

Special Service Area #47 of QCDC has evaluated events through April 14, 2014, the date of the issuance of the financial statements were available, and has determined that there were no subsequent events to be recognized in these financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2013

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>REVENUE:</b>			
Tax levy revenue	\$ 300,000	\$ 300,000	\$ -
Late collections	10,968	10,968	-
Interest Income	-	5	5
Total Revenue	310,968	310,973	5
<b>EXPENDITURES:</b>			
Advertising & Promotion			
Website and social media	500	2,129	(1,629)
Public and/or media relations	2,500	6,148	(3,648)
Special events	11,676	13,511	(1,835)
Display advertising	1,500	7,543	(6,043)
Print materials	5,000	1,762	3,238
Customer loyaly program	6,500	2,000	4,500
	27,676	33,093	(5,417)
Public Way Maintenance			
Sidewalk cleaning	95,000	92,746	2,254
Equipment purchase/maintenance	5,000	-	5,000
Total Public Way Maintenance	100,000	92,746	7,254
Public Way Aesthetics			
Streetscape elements (trash receptacles planters, benches, etc.)	10,000	16,727	(6,727)
Decorative banner and /or holiday decorations	25,000	19,412	5,588
Public art	5,000	-	5,000
Landscaping (plants, watering, etc.)	25,000	18,797	6,203
Storage fees	1,000	-	1,000
Liability/property insurance	1,500	1,500	-
Total Public Way Aesthetics	67,500	56,436	11,064
Tenant Retention/Attraction			
Data collection	500	500	-
Site marketing (materials, services, etc.)	1,000	8,105	(7,105)
Total Tenant Retention/Attraction	1,500	8,605	(7,105)

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(Continued)

YEAR ENDED DECEMBER 31, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Personnel			
Personnel cost	56,296	56,296	-
Total Personnel	56,296	56,296	-
Admin. Non-Personnel			
SSA annual report	500	502	(2)
Audit	3,000	4,510	(1,510)
Bookkeeping	2,903	2,905	(2)
Office rent	8,788	8,788	-
Office utilities	4,664	4,664	-
Office supplies	4,368	4,368	-
Office equipment lease/maintenance	2,145	2,145	-
Office printing	975	975	-
Postage	948	-	948
Meeting Expense	612	116	496
Subscriptions/dues	400	1,099	(699)
Bank fees	50	30	20
Miscellaneous	-	58	(58)
Other: merchant services/credit card processing	200	-	200
Other: liability insurance	1,000	1,000	-
Other: marketing, advertising, and sponsorship and marketing intern	7,975	4,024	3,951
Other: training and development	3,500	1,602	1,898
Total Operation & Administration Support	42,028	36,786	5,242
Loss collection	5,000	5,000	-
Loss collection-2011	10,968	10,968	-
	15,968	15,968	-
Total Expenditure	310,968	299,930	11,038
Excess of Revenue Over Expenses	\$ -	\$ 11,043	\$ 11,043

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2012

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>REVENUE:</b>			
Tax levy revenue	\$ 219,637	\$ 219,637	\$ -
Carryover Funds	223,791	-	(223,791)
Other Income	-	125	125
Interest Income	-	8	8
	<u>443,428</u>	<u>219,770</u>	<u>(223,658)</u>
<b>EXPENDITURES:</b>			
Advertising & Promotion			
Website and social media	1,000	3,069	(2,069)
Public and/or media relations	4,000	2,360	1,640
Special events	25,000	23,258	1,742
Display advertising	7,000	7,742	(742)
Print materials	11,676	5,322	6,354
Other: shoppers rebate, value added program	8,000	8,050	(50)
Other: marketing and program intern	5,000	51	4,949
	<u>61,676</u>	<u>49,852</u>	<u>11,824</u>
Public Way Maintenance			
Sidewalk cleaning	95,000	95,623	(623)
Total Public Way Maintenance	<u>95,000</u>	<u>95,623</u>	<u>(623)</u>
Public Way Aesthetics			
Streetscape elements (trash receptacles planters, benches, etc.)	17,525	56,767	(39,242)
Decorative banner and /or holiday decorations	23,000	18,259	4,741
Wayfinding/signage	15,000	-	15,000
Public art	20,000	-	20,000
Landscaping (plants, watering, etc.)	23,000	18,946	4,054
Storage fees	1,000	-	1,000
Other:CDOT pilot project PeoplePlace	50,000	46,534	3,466
Total Public Way Aesthetics	<u>149,525</u>	<u>140,506</u>	<u>9,019</u>
Tenant Retention/Attraction			
Other: tenant attraction incentive program	1,000	-	1,000
Total Tenant Retention/Attraction	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Façade Improvements			
Façade enhancement program-rebates	1,850	-	1,850
Awning rebate program	2,850	-	2,850
Total Façade Improvements	<u>4,700</u>	<u>-</u>	<u>4,700</u>
SSA District Planning			
Other: SSA consultant	5,000	7,375	(2,375)
Total SSA District Planning	<u>5,000</u>	<u>7,375</u>	<u>(2,375)</u>

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(Continued)

YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Personnel			
Personnel cost	74,890	78,137	(3,247)
Total Personnel	<u>74,890</u>	<u>78,137</u>	<u>(3,247)</u>
Admin. Non-Personnel			
SSA annual report	500	-	500
Audit	7,500	4,775	2,725
Bookkeeping	2,903	2,903	-
Office rent	17,576	17,576	-
Office utilities	4,651	4,651	-
Office supplies	4,386	4,386	-
Office equipment lease/maintenance	2,170	2,170	-
Office printing	158	158	-
Postage	950	950	-
Meeting Expense	600	652	(52)
Subscriptions/dues	250	171	79
Professional development	4,493	2,196	2,297
Bank charge	-	30	(30)
Total Operation & Administration Support	<u>46,137</u>	<u>40,618</u>	<u>5,519</u>
Loss collection	<u>5,500</u>	<u>3,994</u>	<u>1,506</u>
	5,500	3,994	1,506
Total Expenditure	<u>443,428</u>	<u>416,105</u>	<u>27,323</u>
Excess of Expenses Over Revenue	<u>\$ -</u>	<u>\$ (196,335)</u>	<u>\$ (196,335)</u>

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

SUMMARY SCHEDULE OF FINDINGS  
(Unaudited)

YEAR ENDED DECEMBER 31, 2013

We have read the requirements of the Service Provider Agreement between Quad Communities Development Corporation, Contractor, and the City of Chicago.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

The total revenues used during the year ended December 31, 2013, were made available from the budgeted sources in amounts specified in the budget.

Finding-1

Budget allowances were available for all lines items for which expenditures were made. The actual spending for all items, except for twenty-five (25) items, was equal to the budgeted allowances. Fourteen of the twenty-five items were favorable to the budgeted allowances and eleven of the twenty-five items were unfavorable to the budgeted allowances.

Response

We concur with the finding and in the process of monitoring our expenditures that actual spending for all items equal the budget allowance.

Finding-2

Per our audit of the bank reconciliation, we noted that twelve of fourteen checks listed as outstanding have been outstanding over 90 days.

Response

We will investigate those checks listed as outstanding over 90 days and determine status.

QUAD COMMUNITIES DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #47

SUMMARY SCHEDULE OF FINDINGS  
(Unaudited)

YEAR ENDED DECEMBER 31, 2012

We have read the requirements of the Service Provider Agreement between Quad Communities Development Corporation, Contractor, and the City of Chicago.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

The total revenues used during the year ended December 31, 2012, were made available from the budgeted sources in amounts specified in the budget.

Finding-1

Budget allowances were available for all lines items for which expenditures were made. The actual spending for all items, except for twenty-seven (27) items, was equal to the budgeted allowances. Eighteen of the twenty-seven items were favorable to the budgeted allowances and nine of the twenty-seven items were unfavorable to the budgeted allowances.

Response

We concur with the finding and in the process of monitoring our expenditures that actual spending for all items equal the budget allowance.

Finding-2

Special Service Area #47 of QCDC for the year ending December 31, 2012 unexpended balance of \$75,756 does not equal the 2013 Budget Carryover of \$0.

Response

We concurred with the finding. In future, we will continue to increase Budget Carryover to reduce the unexpended balance.